

# PREFERENTIAL TREATMENT OF AIG

The SPEAKER pro tempore. The Chair recognizes the gentleman from California (Mr. SHERMAN) for 5 minutes.

Mr. SHERMAN. Madam Speaker, this country is being treated to Kabuki theater in three acts. In the first act the American people are told, "We feel your anger. We share your anger. You have a right to be angry at AIG and all the others on Wall Street that are bailed out."

But in the second act, Wall Street nitpicks to death any practical proposal that would be adverse to the interests of Wall Street.

And then in the third act, we transfer a trillion dollars to Wall Street on very favorable terms. That is to say, terms that are unfavorable to the taxpayer, terms very favorable to Wall Street.

Now the first act is one in which those of us who are angry are told that we are blinded by our anger and therefore should not participate in the decision-making. Rather, that should be left to those who are blinded by their gullibility for Wall Street's demands and entreaties. We are told that those of us who are angry are stupid peasants with pitchforks and torches. We are told that it is wrong to be angry with the bonuses because that is just the tip of the iceberg, and it is wrong to be angry with the \$170 billion we gave to AIG because that is too complicated to talk about.

The fact is AIG should have been in receivership; that would have voided its employment contracts, and we need to compare AIG to GM in just a second.

The second act is one where we nitpick to death any proposal that Wall Street disagrees with. We had a proposal to impose taxation on excess compensation, and we are told, "Oh, we can't change the rules after the game." The fact is that this Congress has often passed tax laws a few months into 2009, or any particular tax year, that would affect the 2009 tax year or even prior tax years. We have done it repeatedly. We just never did it to Wall Street.

Finally, we go to the third act where we transfer a trillion dollars to Wall Street as part of this public-private partnership. Now how does that work? Wall Street puts up 6 percent of the money. They get 50 percent of the profits and 100 percent of the control. I would say those are terms very favorable to Wall Street. I am not blinded by my anger; but I am, indeed, angry.

Now let us compare how we have dealt with AIG and how we dealt with General Motors. Both entities need to continue to produce. The AIG insurance companies are relatively safe. They are State-regulated. They weren't part of the big disaster. The big disaster occurred at the parent company where they opened a casino and all of the guys on Wall Street and the powerful interests around the world went to the casino. They placed their bets. They bet against the mortgage market

in the United States. They won and they broke the bank. And now they are being paid every penny they are owed, down to the last penny. How can that be done when AIG is bust? Simple, taxpayer money, \$170 billion. Some of it, we put it into AIG, and tens of billions of dollars go to overseas banks within minutes.

How does that compare to the creditors of General Motors? General Motors owes its bondholders. It owes its retirees, and General Motors owes its workers. What is happening to what is owed by General Motors under these contracts? Those contracts are being shrunk. The bondholders are going to have to take about a third of what they are entitled to in cash. The retirees are going to get about half of what they are entitled to in cash, and the UAW has already made substantial changes in their union contract.

So with General Motors, there is either a bankruptcy, and I hope we avoid a formal bankruptcy, or there is, in effect, an informal bankruptcy. What is a bankruptcy? It is a reorganization process in which the company goes forward but its creditors have to take a haircut. They have to lose money. And all of the creditors of General Motors are losing substantial amounts, even people who worked their whole lives expecting retirement benefits and health benefits when they retired. They are taking major haircuts.

What about the rich and powerful that AIG owed money to? They are getting paid every penny. They demand it, and it comes from the American taxpayer. It is time that we respect the companies like GM that do work and make products. It is time that we not hollow out our manufacturing sector.

## RECESS

The SPEAKER pro tempore. Pursuant to clause 12(a) of rule I, the Chair declares the House in recess until 2 p.m. today.

Accordingly (at 12 o'clock and 42 minutes p.m.), the House stood in recess until 2 p.m.

□ 1400

## AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Ms. JACKSON-LEE of Texas) at 2 p.m.

## PRAYER

The Chaplain, the Reverend Daniel P. Coughlin, offered the following prayer:

Show us Your mercy, Lord. Look upon our weakness and insecurity, and keep us safe.

In the midst of the work this week and among all the Members, grant the fullness of Your peace in all their undertakings. Strengthen this Congress with the renewed resolve of common purpose. Together, both Chambers hold

the sacred trust of the people as they face issues disturbing the Nation. May all decisions serve the common resolve of the people and give You the glory both now and forever. Amen.

## THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House her approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

## PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentlewoman from Illinois (Mrs. HALVORSON) come forward and lead the House in the Pledge of Allegiance.

Mrs. HALVORSON led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

## TOUGH CHOICES MUST BE MADE FOR AUTO INDUSTRY'S SURVIVAL

(Mr. CARNAHAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CARNAHAN. Madam Speaker, today both American families and businesses are struggling to make ends meet during these tough economic times. Like President Obama, I am optimistic that America can and will build the cars of the future.

When GM and Chrysler are both asking for additional taxpayer dollars, it is only common sense they explore every option to tackle this crisis. Both companies must be pressed to once again lead the world in car manufacturing. Chrysler's best option is to make an alliance with an outside company like Fiat, to make a successful product that can profit and sustain itself for the future. I am optimistic about what a more advanced engine could do for the company and its workers.

The men and women at the Fenton plant in Missouri helped Chrysler survive in the early eighties, and I fully expect them to be an integral part of Chrysler's future survival. It is essential that Chrysler continue at least the same amount of current manufacturing in the U.S. today, and Fiat is committed to do that, and that they continue to grow production in the U.S. as the auto industry rebounds. My constituents, who have helped make the Fenton plant the state-of-the-art facility it is today, rightfully expect their tax-funded assistance to create American jobs.

The auto industry must make tough choices to keep their loyal and hard-working workforce employed and, once again, become the world's leader. And Congress must also make the difficult choices to get out of this economic and fiscal crisis and move America in a new direction.